

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF MISSOURI  
WESTERN DIVISION

IRIS IACCARINO, derivatively on behalf of nominal	)	
defendant, NovaStar Financial, Inc.	)	
	)	
Plaintiffs,	)	Case No. 08-CV-0469-ODS
	)	
v.	)	
	)	
SCOTT F. HARTMAN, et al.,	)	
	)	
Defendants.	)	

**NOTICE OF SETTLEMENT APPROVAL AND VOLUNTARY DISMISSAL**

Plaintiff respectfully files this notice in response to the Court's Order of January 5, 2010 (Dkt. # 34) directing Plaintiff to advise the Court of any Orders issued in the related state action captioned *O'Brien v. Hartman*, Case No. 0816-CV02978 (consolidated with case no. 0816-CV04731) (the "State Action" and, collectively with the above-referenced action, the "Actions"), currently pending in the Circuit Court of Jackson County, Missouri (the "State Court"). The following is a summary of developments that have arisen in the above-captioned action and in the State Action with regards to the settlement of the Actions:

1. On September 1, 2009, Plaintiff filed a Notice of Settlement with the Court indicating that the parties had reached an agreement to settle the Actions.
2. On November 24, 2009, the parties executed a Stipulation of Settlement (the "Stipulation") that is intended to fully, finally and forever resolve, discharge and settle the Released Claims (as defined in the Stipulation), including the claims brought forth in the above-captioned action.

3. Also on November 24, 2009, the Court entered an Order (Dkt. # 32) directing the parties to describe the anticipated timeline for settlement in the State Action.

4. On December 1, 2009, the parties filed with the State Court the Stipulation, as well as a proposed Order regarding a proposed schedule for the settlement approval process in the State Action.

5. On December 11, 2009, plaintiff in the State Action filed an Unopposed Motion for Preliminary Approval of the Derivative Settlement, along with an accompanying Memorandum of Points and Authorities in support thereof.

6. On December 16, 2009, Plaintiff filed a Notice of Anticipated Timeline for Settlement Proceedings (Dkt. # 33) in response to the Court's Order of November 24, 2009, advising the Court of the anticipated timeline of events for the settlement approval process in the State Action.

7. On January 5, 2010, the Court entered an Order (Dkt. #34) directing Plaintiff to advise the Court of any Orders issued in the State Action, including any schedules established for the settlement approval process.

8. On January 13, 2010, the State Court held a preliminary approval hearing (the "Preliminary Approval Hearing") and issued an Order preliminarily approving the Stipulation and the Settlement in the State Action, including the terms and conditions for settlement and dismissal with prejudice of the State Action (the "Preliminary Approval Order").

9. The Preliminary Approval Order provided, among other things, that the State Court would hold a final approval hearing on April 5, 2010.

10. On January 25, 2010, Plaintiff filed a Second Notice of Timeline for Settlement Proceedings (Dkt. #35) in response to the Court's Order of January 5, 2010, advising the Court

of the settlement proceedings in the State Action, including the result of the Preliminary Approval Hearing.

11. On April 5, 2010, the State Court held a hearing on the final approval of the settlement in the State Action (the “Final Approval Hearing”).

12. At the Final Approval Hearing, the State Court entered a final judgment and order of dismissal of the State Action (the “Final Judgment Order”). *See* Final Judgment and Order of Dismissal With Prejudice, attached as Exhibit A.

13. In the Final Judgment Order, the State Court found that the settlement is fair, reasonable, and adequate as to each of the Settling Parties, that the settlement provides substantial benefits to NovaStar and its shareholders, and finally approved the Stipulation and settlement in all respects.

14. The Final Judgment Order fully, finally and forever resolved, discharged and settled the Released Claims, including the claims brought forth in the above-captioned action.

15. Accordingly, Plaintiff voluntarily dismisses the above-captioned action **with prejudice**.

Dated: April 7, 2010

Respectfully submitted,

/s/ Paul E. Torlina  
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*Attorneys for Plaintiff Iris Iaccarino*

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing was filed electronically with the Court, with notice of case activity to be generated and sent electronically by the Clerk of the Court this 7<sup>th</sup> day of April, 2010 upon all counsel of record.

/s Paul Edwin Torlina